Incentives to the Urea Manufacturing Units

890. SHRI N. GIRI PRASAD:
SHRI GURUDAS DAS GUPTA:

Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that Government are considering proposal to continue the incentives being provided to the Urea manufacturing units;

(b) if so, what are the incentives being given at present; and

(c) what is the proposal being considered for the future?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS WITH ADDITIONAL CHARGE OF THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS AND MINISTER OF STATE IN THE DEPARTMENT OF ELECTRONICS AND DEPARTMENT OF OCEAN DEVELOPMENT (SHRI EDUARDO FALEIRO): (a) Urea, being a controlled fertilizer, is covered under the Retention Price-cum-Subsidy Scheme. Under this scheme, the fixation of retention price for each manufacturing unit is based on the normative capacity utilisation and a combination of norms and actuals in respect of various elements of cost. The scheme provides, inter alia, for a post-tax return of 12% per annum.

(b) and (c) In order to reduce the capital cost of fertilizer plants, including urea manufacturing units, following incentives have been given :—

(i) Customs duty on import of capital goods for new fertilizer plants and renovation and modernisation of existing plants has been abolished, except countervailing duty in the case of renovation/modernisation imports.

(ii) A scheme has been introduced for refund of customs duty paid on import of capital goods prior to 23-9-92 in respect of units set up on or after 1-1-1991; and

(iii) An interest concession of 3% on long term loans taken by new units as well as revamp projects is being provided by the Government, subject to the ultimate interest rate being not less than 12%.

No other proposals in this regard at present under the consideration of the Government.

Demand for removing price control on bulk drugs and formulations

891. SHRI P. UPENDRA: Will the PRIME MINISTER be pleased to state:

(a) whether there was a demand for removing price control on bulk drugs and formulations; and

(b) what steps the Government is taking to ensure that the common man does not suffer due to rise in prices of essential drugs?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS WITH ADDITIONAL CHARGE OF THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS AND MINISTER OF STATE IN THE DEPARTMENT OF ELECTRONICS AND DEPARTMENT OF OCEAN DEVELOPMENT (SHRI EDUARDO FALEIRO): (a) and (b) These aspects form part of the Review of Drug Policy, 1986 on which discussions have taken place in the House in August, 1993. Final decisions in the matter are expected to be taken soon.

Review of fertilizer subsidy policy

892. SHRI DEBABRATA BISWAS: Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that Government proposes to review the subsidy policy on fertilizer; and

(b) if so, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS WITH ADDITIONAL

CHARGE OF THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS AND MINISTER OF STATE IN THE DEPARTMENT OF ELECTRONICS AND DEPARTMENT OF OCEAN DEVELOPMENT (SHRI EDUARDO FALEIRO): (a) and (b) At present, there is no such proposal under consideration.

Closure of fertilizer units consequent on de-control of phosphatic fertilizers

893. SHRI MENTAY PADMANABHAM: Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that a number of fertilizer units have closed down after decontrol of phosphatic fertilizers;

(b) whether Government is preparing any scheme to review these units;

(c) if so, the details thereof; and

(d) how many of such units are in the public sector and what is the investment involved?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS WITH ADDITIONAL CHARGE OF THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTRY AFFAIRS AND MINISTER OF STATE IN THE DEPARTMENT OF ELECTRONICS AND DEPARTMENT OF OCEAN DEVELOPMENT (SHRI EDUARDO FALEIRO): (a) to (c) Eight out of sixteen phosphatic units in the country manufacturing DAP and complex fertilizers had suspended production from March 1993 onwards mainly on account of uneven competition from the foreign suppliers. In order to deal with the situation Government of India announced a concession of Rs. 1000 per tonne on the sale of indigenous DAP and proportionate concession on indigenous complex fertilizers and Single Superphosphate (SSP). No such concession has been given on imported phosphatic fertilizers. All but one unit have resumed production; the remaining one unit is also expected to resume production within the next two weeks. In addition, about 25 SSP units in the medium and small scale sectors are reported to have suspended production mainly due to liquidity problems.

(d) No phosphatic manufacturing unit in the public sector is closed at present except a brief temporary shut down in one unit for want of imported raw materials.

Paradeep Phosphates Limited

894. SHRI MENTAY PADMANABHAM: Will the PRIME MINISTER be pleased to state:

(a) whether is is a fact that the Government of India has purchased the equity held by the Government of NAURU in Pradeep Phosphates Limited;

(b) if so, the details, thereof; and

(c) what are financial implications of the entire transactions?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS WITH ADDITIONAL CHARGE OF THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTRY AFFAIRS AND MINISTER OF STATE IN THE DEPARTMENT OF ELECTRONICS AND DEPARTMENT OF OCEAN DEVELOPMENT (SHRI EDUARDO FALEIRO): (a) to (c) Yes, Sir. Government of India has purchased the 49% share holding of the Government of Nauru in the equity of Paradeep Phosphates Limited for Australian Dollars 63.8 million payable in ten half yearly instalments of Australian Dollars 6.38 million each.

Production target of fertilizers in the 8th Plan

895. SHRI MENTAY PADMANABHAM: Will the PRIME MINISTER be pleased to state:

(a) what is the Eighth Plan target for production of fertilizers in the country;

(b) whether this target will be achieved by mobilising internal resources;

(c) whether any overseas financial assistance will be necessary; and

(d) if so, the details thereof?